

MICKEY MOUSE MANAGEMENT FOR TOUGH TIMES

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Thank you, Bryant! You know, this is a daunting occasion coming back to talk to former colleagues, illustrious social scientists, behavioral scientists, statisticians from all over the country and all over the world. I was nervous a couple of weeks ago when I was trying to decide what I should talk about before an illustrious group like this so I called Bryant. I said, "Bryant, give me some advice. I know I've worked with these people but I'm a little bit removed now. Give me some advice on what I should talk about." And he said, "Well, Bill, with an audience like this you want to keep three things in mind when you're talking. You want to give them the three Fs," he said. "The three Fs," I said, "Well, what is that, Bryant?" He said, "Well, you want to give them a little fact." I said, "Well, that sounds good." "You want to give them a little fun." "And then," Bryant said, "You want to give them a little philosophy." Did I get that right, Bryant? Well, I'm going to be short on fact tonight but I'll try to give you a little fun and a little philosophy. Actually, I'm not going to give you any statistics because it is well known that 87% of the audience doesn't believe them anyway!

I want to talk about Mickey Mouse Management and I want to tell you how I came to talk about this, because indeed I do have experience with Mickey Mouse Management. Some of you think it's because of the way I manage and that may indeed be the case, but there are at least two other reasons. One is that I spent 13 years with young children growing up in Southern California and anybody with sufficient income in that environment gets to know a lot about Mickey Mouse and about his creator. The second reason is that about 10 years ago, I read this book right here. A neighbor gave it to me. It's entitled "Walt Disney: An American Original" by Bob Thomas. The day I finished reading it I happened to be having lunch with Jack Keane, then the Census Bureau Director. I got to telling Jack about some of the ways that it seemed to me that Walt Disney managed and led his growing empire and Jack got more and more interested. Finally, he said, "You know, you need to talk to the Census Bureau staff about this." And so, indeed I did. A week later at a monthly division chiefs meeting I stood up and I talked about principles of Mickey Mouse Management. I couldn't tell whether the audience liked it very much but I thought it was a pretty good talk. And so when I was invited to come back here this time I dug out the notes and I went over to the neighbor from whom I'd borrowed the book the first time. He still had it. I looked at it and it seemed to me that while managing, in these times, has gotten a bit tougher those old principles still hold pretty true so I revised them a little bit around the edges. They're a little bit shopworn but I'm going to give them to you again today.

Now, I want to say that since this book came out there have been at least two other biographies of Walt Disney. This is an upbeat book. It's full of happy moments. It has a joyful ending, but these latter two books, I understand from reading the reviews, are a little more downbeat--kind of a down side of Disney's life. I haven't read them. I hope nobody does because to me reading a downbeat book about Walt Disney is just not something anybody ought to want to do.

The book is a biography. It's not supposed to be a book about management or leadership but I'll tell you 11 principles about Mickey Mouse Management that I have derived from the book. Now, these principles are subject to any errors of fact or interpretation that are in the book and any errors of

interpretation or enthusiasm of mine, but I give them to you for whatever they're worth. They're not all worth following, I think, for any particular statistical organization or university, but I think you'll find something fun in them and I hope you'll find something useful in them.

By the way, I'm going to do a fair amount of quoting from this book and when I do I'll just do that, okay, so you'll know I'm quoting. You can also tell because the prose will get better.

For most American children in the middle half of this century, Disney taught us what a film can be. His films made us giggle and scared us to tears. They treated subject matter such as kidnapping in Pinocchio, deformity in Dumbo, death of a mother in Bambi, they introduced songs that all of us still recognize and many of us can still sing, "Zippity Do Dah," "Hi Ho, Hi Ho It's Off to Work I Go," "Supercalifragilistic" and on. I'm not going to sing, don't worry . . . and on and on and on.

While others of his day made 40 or 50 pictures a year, Disney made a few superior films with a long shelf life designed to be recycled every seven years or so. Sixty years ago he anticipated the principle of spin-off products into watches, clothes, amusement parks and comics into records, sequels, and TV series.

In the mid '20s when Disney made his first cartoon, cartoon characters were two-dimensional, flat, with bizarre movements. Disney insisted on round, humanized figures with humor coming out of the character instead of out of outrageous actions. Disney added sound for the first time. He added color for the first time. In order to do these things, he and his coworkers invented complex machines and chemical processes. He turned cartoons into feature-length movies and later, when he took on a theme park, he made it like a movie, the audience gliding smoothly from scene to scene not even knowing that it was being carried along. At his death, Walt Disney was thinking about planning a new city and organizing a new kind of university. What would Columbia, MD, be if Disney had designed it and how would Disney's university compare to Jeffersons? Well, I have no idea!

Equally remarkable, Disney built an organization that survived him. Thirty years after his death, just a couple of weeks ago, I was walking up Fifth Avenue in New York City and there was a massive storefront ready to open that said "Disney Store." Massive, massive thing! The empire is world wide. The films keep coming. The ideas for feature parks keep coming, some of them get shot down but I think they'll still keep coming. But his success was ragged and spotty. Many projects failed, some early on. His first movie adventure bankrupted him. Most film and culture critics never relented in their negative reviews during his first 10 years of production and some still haven't relented. Bankers foreclosed on him during World War II when the army took his studio and audiences declined, this 20 years after he had begun. Employees defected, including virtually his entire staff of artists stolen from him in his third year in Hollywood. Fraudulent distributors took literally all he had produced in his first five years, turning it to their profit without his participation. What kind of upbringing produced this extraordinary person? Well, from the biography there seems no particular insight here. Disney was born in 1902, of plain people who moved frequently from state to state for jobs and happiness. Much of his childhood was spent on a Kansas farm. He was not much of a student. He drew a lot instead of studying but his drawings were not particularly good. Currently, experts rate them as uninspired, and indeed there were a few kids in my high school class of 106, I remember, who drew better cartoons than the ones that are in here, the ones that he drew. In fact, Disney gave up drawing entirely as soon as he could hire people better than he was. His first venture in Kansas

began a lifelong collaboration with his brother, Roy, and I'll have a few things to say about Roy. He and Roy moved to Los Angeles in 1923 when Walt was 21 years old. He wanted to enter the movie business and he did. So here, illustrated by passages from Thomas' book, are my eleven principles of Mickey Mouse Management.

1. The best at any cost.

Disney insisted on the highest quality product at any cost, in time, in money, in frustration. To be better than the competition was not acceptable, not to be discussed. It must be the best he could conceive of, and that best sometimes required new chemical processes, new machinery, keeping his funders and audiences waiting. That did not matter to Disney. "At a meeting to discuss some major changes in Disneyland, Mark Davis, who had worked on the plans, began his presentation by saying, 'Well, I've got an expensive way and a cheap way of doing this.' Walt rose from his seat and walked to where Davis was standing. Placing a hand on Davis' shoulder, Walt said, 'Mark, you and I do not worry about whether anything is cheap or expensive. We only worry if it's good. I have a theory that if it's good enough the public will pay you back for it. I've got a big building full of all kinds of guys who worry about costs and money. You and I just worry about doing a good show'."

"Sometimes the engineers told him that effects he could easily accomplish in motion pictures were impractical in an amusement park. They learned not to say that to Walt Disney. To an engineer who pointed out the impossibility of a Disney proposal Walt replied, 'You know better than to kill an idea without giving it a chance to live. We set our sights high, that's why we accomplish so many things. Now go back and try again.' Those who worked closely with Walt learned never to say quote 'This can't be done.' The right response was 'Well, Walt, this might be difficult because . . .'. If an engineer exhausted every possibility and could not find a solution Walt did accept the fact that it couldn't be done."

2. Respect the customers.

Disney had great respect for his customers and for his audience. He believed with total faith that they would buy the very best he could produce and that the banks, seeing this, would then want to support his next endeavor. As Disneyland was being constructed, he could be seen squatting down in front of the buildings and rides to get a child's eye view. The little ones were to be respected at least as much as their parents. After days of failing to communicate to a team of architects what he wanted for Disneyland, Walt finally found the words. "When people walk or travel through a ride, through anything you design, there's just one thing you need to remember as a designer: when they come out, I want them to have smiles on their faces." What a clear and measurable goal this is, how perfectly tied to customer satisfaction--really a model of its kind.

3. Great respect for talent.

Disney always tried to hire the best people he could find and frequently succeeded. Certainly, from near the beginning, his best people were more talented than he was. And he had a knack for getting the best from them. "A Disney favorite was Norman Ferguson. He was an animating natural, an artist whose knack of capturing character comedy helped make Pluto one of the most durable of the Disney

stars. Ferguson could turn out up to 40 feet of animation a day. The average was 10 to 15 and he knew his worth. He asked Walt to pay him \$300 bucks a week. 'But that's as much as I'm getting, Fergie,' Walt protested. But he agreed to pay Ferguson 300 bucks a week. Wilfred Jackson was a raw bone student from Otis Art Institute when he applied for a job at the Disney Studio in 1928. He was so eager to learn animation that he offered to work for nothing or even pay tuition. Each time he proved himself in a new challenge, Walt promoted him to a job of greater responsibility until one day he remarked to Walt, 'I'd surely like it if you would let me handle a whole picture myself.' Jackson meant that he wanted to animate an entire cartoon. Walt had other ideas. He told Jackson, 'You know I've got a lot of loose ends that have been cut out of the Mickeys. Why don't you work up some kind of story that would tie all of them together.' Jackson didn't like being handed bits and pieces of other animator's work instead of creating his own subject, but he concocted a story with Mickey being stranded on a desert island with a piano. One of the film fragments conveniently had a piano sequence and Jackson used it to organize a cartoon of Mickey dreaming of previous episodes in his life. The result was a very entertaining cartoon, "The Castaway." Jackson had proved to Walt that he could be a director, which was not what he intended to be, but he recognized years later as Walt had already concluded that he could not compete with the accomplished animators from New York. He proved, however, to be an expert director and he remained one for more than 30 years."

4. Leadership by instinct and optimism.

Walt led his people and his enterprise by instinct, feel and imperishable optimism. "Disney animators first learned of the project one evening in 1934 when several of them returned from dinner at a cafe across Hyperian Avenue. They found Walt waiting for them and he said, 'Come on in the sound stage, I've got something to tell you.' They followed him onto the bare stage, lighted by a single, naked bulb and they took chairs in a semicircle before him. He began to tell them the story of 'Snow White and the Seven Dwarfs' as it might be animated on the screen. He acted out each part, his eyebrows ascending as he mixed dread potions as the evil queen, his face beaming when he depicted the merry dwarfs. The performance took two hours and at the end, when the prince's kisses awakened the sleeping Snow White, there were tears in the eyes of his listeners. 'That's going to be our first feature,' Walt announced."

Thirty years later Disney reminisced about the beginning of Disneyland, "Well we had a lot of problems putting this thing together. There was pressure about money. A lot of people didn't believe in what we were doing and we were putting in the squeeze play where we could. I remember that we were dealing with all three networks. They wanted our television show and I kept insisting that I wanted this amusement park and everybody said 'What the hell does he want that damned amusement park for?' I couldn't think up a good reason except that I wanted it."

5. Disregard for financial risk.

In the late war years, some of Disney's toughest, he bowled ahead and I think this is probably my favorite quote from the book. "With the Disney debt mounting and the company's future unpromising, the Bank of America urged Roy to effect economies. Roy relayed the bank's concern to Walt but Walt refused to reduce his staff or curtail production. Joe Rosenberg, who had helped arrange the money to finish 'Snow White,' continued the bank's pressure. Finally Roy told him, 'Look Joe, don't

keep beating me over the head about this thing. There's only so much I can do with Walt. You come out and talk to him. Maybe you can impress him with how serious this matter is.' Rosenberg made an appointment with Walt, arriving at the studio in a driving rain storm. Roy accompanied him to Walt's office and Rosenberg began expounding on the Disney financial situation. He explained that the bank had a responsibility to its depositors and had to invest its money prudently. 'Now you know, Walt, that the Bank of America has always been friendly to the Disney Company and has helped it in every way possible,' said Rosenberg. 'But no matter how friendly we feel, we must protect our investors'. 'Are you finished?,' Walt interrupted. 'No! Roy and I agree that you must cut down on your output drastically. Your expenses each week are entirely too high. In light of the amount of income you're receiving you simply have got to cut back.' 'Is that all?,' Walt asked. 'No, let me finish, let me finish!' Rosenberg went on with his lecture despite Walt's interruptions. Finally Rosenberg said, 'All right, I'm finished! What have you got to say?' Walt gazed out at the rain falling in the studio streets. 'You know, I'm disappointed in you Joe,' he began. 'I thought you were a different kind of banker. But it turns out you're just a regular goddamn banker. You'll loan a guy an umbrella on a sunshiny day but when it rains, you want it back. Okay dammit, you can have it back.

We'll take our business to another bank.' Rosenberg stared at Walt in open-mouthed amazement.

He realized Walt actually believed he could borrow from another bank when he was already more than 4 million dollars in debt. Rosenberg leaned back his head and laughed loudly, 'Walt, you take the cake,' he exclaimed.

6. Teamwork with a brilliant financial manager.

Although Disney disregarded financial risk, he worked daily and intimately with a balancing power of financial management and responsibility, his brother Roy. Over the decades Roy tried many times to talk Walt out of his most reckless projects and sometimes he succeeded. But when he failed, Roy turned around and did his darndest to make it work. In the early 1930s, Technicolor developed a method of combining three negatives of the primary colors. By 1932, the process had not been perfected for live action photography, but it could be applied to cartoons. Technicolor showed a test reel to Walt Disney and he was convinced. Roy was not. "We'd be crazy to take on the expense of color just after we've made a deal with United Artists," Roy argued. "They won't advance us any more money for color." "Yes, but don't you see Roy," Walt replied, "maybe United Artists won't give us any more dough but the pictures will create so much excitement that we'll get longer play dates and bigger rentals, that'll bring the money back eventually." "Eventually? It'll be years before we see that money with all the advances that are charged against us already. We can't do it!" Roy added his fears that the color might not stick to the cellanoid or would chip off. Walt's answer, "Then we'll develop paints that will stick and won't chip." Walt used his brother's reluctance to evoke a concession from Technicolor. "Roy says color is going to cost us a lot of money that we'll never get back," Walt argued. "So if we take a chance on it you've got to assure us that every other cartoon producer isn't going to rush into the theaters with Technicolor." The company agreed to grant Disney two years exclusive use of the 3-color process. Roy glumly consented to a contract and the rest is history. "Whenever Walt mentioned Mickey Mouse Park to Roy, Roy reminded his brother of the immense debt to the Bank of America and the continuing failures of the Disney postwar films to produce profits. Roy believed he had convinced Walt that undertaking an amusement park would be financial folly. One day Roy Disney received a telephone call from a banker friend. 'Walt was in my office today,' the banker said. 'Oh,' Roy replied. 'It's about that park. We went over plans he showed me. You know Roy, that park is a wonderful idea.' 'Did Walt try to borrow money from you?' 'Yes, he

did and you know what, I loaned it to him'."

7. Management by walking around.

Here's a quote from the days when he had only cartoon shorts to supervise. He once described his function in a homely story. "My role, I was stumped one day when a little boy asked, 'Do you draw Mickey Mouse?' I had to admit that I do not draw anymore. 'Then do you think up all the jokes and ideas?' 'No,' I said, 'I don't do that.' Finally he looked at me and said, 'Mister Disney just what do you do?' 'Well,' I said, 'Sometimes I think of myself as a little bee. I go from one area of the studio to another and gather pollen and sort of stimulate everybody. I guess that's the job I do'." Members of the park urged him to build an administration building. "No," he replied. "There isn't going to be any administration building. The public isn't coming here to see an administration building. Besides, I don't want you guys sitting around behind desks. I want you out in the park watching what people are doing and finding out how you can make the place more enjoyable for them."

8. Continuous training.

Many of the jobs to be done in Disney studios had no corresponding college courses of any kind. Jobs like the imaginaries, the artist/electrical engineers who imagined and built the exhibits in Disneyland and Epcot Center, didn't even exist elsewhere. Starting in the '30s Walt realized the advantages of doing his own training. He started the Disney Art School on the premises for his people. There, sitting in a circle his artists drew deer, elephants, horses and human beings all from life. Alexander Wilcot and Frank Lloyd Wright were lecturers, among many others.

9. Huge patterns of connectiveness.

Disney seemed to see far ahead that single cartoons would become collective works and then that movies, television and a theme park would merge in the minds of the public and of bankers into one grand conception. Time and again he rallied his brother, his employees, his investors by convincing them that the pieces would all hang together. By the end of the summer of 1953 the money Walt had borrowed was running out and he knew he would have to discover a way to finance the park. He found the solution while lying sleepless in bed. "Television," Walt told his brother the next morning, "that's how we'll finance the park, Television!" Disney was not interested in the Mickey Mouse Club TV show until he realized it could get him his amusement park. The connections made sense to him long before they did to anyone else.

10. Vertical integration and total control.

The lessons Walt Disney learned from the early theft of his products were learned well. From the late 1920's on he insisted on control of his studio's work, right from the original idea through distribution of the product. He also insisted on retaining control into the future. In the early 1950s with television usurping the movies, most studios sold the TV rights to their pre-'50s films. Walt hoarded those films and doled them out himself, which they still do. After reading his daughter's bedside book about an English nanny who could fly, Walt first contacted the author, P. L. Travers in 1944. He kept after Mrs. Travers by mail, by phone, and in person for 16 years before she agreed to relinquish the movie rights. "Mary Poppins" was premiered at Groman's Chinese Theater in Hollywood on August 27,

1964. The industry audience responded with cheers and Walt realized that he had a hit of immense proportions on his hands. He was enjoying the triumphant glow at the post premiere party when Mrs. Travers approached him. "It's quite nice," she began, "Miss Andrews is satisfactory as Mary Poppins but Mr. Van Dyke is all wrong and I really don't like mixing the little cartoon figures with the live actors. When do we start cutting it?" Walt smiled indulgently. "The contract says that when the picture is finished it's my property," he replied. "We aren't going to change a thing."

11. You can't beat a pig with a pig.

After his earliest series of short cartoon successes, Walt never again allowed a repeat or even a sequel unless it contained major innovations. The cry of distributors and exhibitors after "Snow White and the Seven Dwarfs" was the same that greeted the hit of the "Three Little Pigs." "More pigs!" Now the movie men implored, "Give us more dwarfs!" Walt Disney refused to repeat himself. Instead his studio's next products were "Pinocchio" and "The Sorcerer's Apprentice," each as innovative in different ways as anything he had ever done.

Near the end of his life, having overseen the selection of land to be bought for the second Disneyland in Florida, and having walked the land himself, Walt Disney could muster no further interest in Disney world. He had already done it once. Let his staff do it the second time. Disney's interests turned instead to Epcot Center, something new, and to his university and to his city. And just to give you an example of principle number ten, which is total control. I was looking for something to wrap these slides up with and the only thing I could find on the web was a Warner Brothers cartoon. Disney still controls their stuff. There was only one Mickey Mouse figure on the web, one Disney figure, and all the rest of it was Warner Brothers or somebody else. He controlled it right straight through. Well I'm going to quit now because I have in mind something that happened to another speaker, not to me, a few weeks ago and I don't want it to happen here again. This was a long-winded fellow who was going on and on much too long and much too boringly until the master of ceremonies, who was still sitting up here as Bryant was in the beginning, flashed cards saying STOP, OUT OF TIME, MINUS FIVE, MINUS TEN, STOP. Nothing worked. So finally the emcee took off his shoe in desperation and threw it at the speaker but it missed and hit a woman here at the front table. She bowled over in pain and as she came up, she moaned "Hit me again, I can still hear him!"

Thank you very much.